Press Release
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HEXAOM
ENSEMBLE
POUR BÂTIR L'AVENIR

2024 HALF-YEAR EARNINGS REPORT:
REVENUE: €417.0 MILLION
CURRENT OPERATING INCOME: €14.2 MILLION
NET INCOME: €10.0 MILLION

NET CASH AT END JUNE 2024: €86.5 MILLION

OUTLOOK FOR 2024:
SUSTAINED OPERATING PROFITABILITY AMIDST UNPRECEDENTED CRISIS

The Hexaom board of directors met on September 25, 2024, and approved the financial statements for the first half of 2024.

Consolidated results in €M (unaudited) (January 1 – June 30)	HY1 2024	HY1 2023	% change
Revenue	417.0	552.0	-24.5%
Current operating income	14.2	21.6	-34.3%
Current operating margin	3.4%	3.9%	
Other non-current operating items	-0.3	-	
Operating income	13.8	21.6	-36.1%
Net financial income	-0.2	-0.5	
Net income from continuing operations	10.0	15.4	-35.1%
Net margin from continuing operations	2.4%	2.8%	
Net income from discontinued operations	-	-0.8	
Net income	10.0	14.7	-32.0%

Effective profitability management in a challenging and unprecedented market environment

As previously announced, despite a nearly 25% drop in revenue, Hexaom's operating performance remained strong, thanks to the structural adaptation measures put in place since 2022. The group is once again demonstrating its ability to cope with very difficult market conditions, thanks to its agility and the high variability of its costs (100% of its production is subcontracted).

Hexaom posted revenue of €417.0 million in the first half of the current financial year, down 24.5% (on a like-for-like basis) compared to the same period last year, as expected.

Current operating income amounted to €14.2 million, including €1 million of non-recurring items due to the structural costs reduction measures. The current operating margin was 3.4%, compared with 3.9% for the same period in 2023.

The contribution of each of the group's businesses to revenue and current operating income at 30 June 2024 is as follows:

Earnings by business Unaudited	Revenue € million	Current operating income € million	% of revenue
Home Building	360.4	12.5	3.5%
Renovation	25.9	1.5	5.8%
Real Estate Development	24.6	0.1	0.4%
Land Development	6.1	0.1	1.6%
Total	417.0	14.2	3.4%

Home Building. Current operating income amounted to €12.5 million, compared with €15.9 million for the first half of 2023. Despite a significant drop in production (-23.6%), the current operating margin represents 3.5% of revenue, compared with 3.4% for the same period in 2023. This stable operating margin is due to:

- a gradual recovery in gross margins, as 2021 sales—the source of the deterioration in margins—reach the end of their production cycle,
- the effects of actions taken to adapt the fixed cost structure to the market context. These actions have included reducing staff numbers, optimising and grouping branches, merging certain companies and drastically cutting overheads. These measures will continue during the second half of the year.

Renovation. This business covers both "intermediated" renovation carried out via the Illico Travaux and Camif Habitat franchise networks, as well as "general contracting" renovation carried out by Camif Habitat directly in Ile de France and by the "Home building" branch network. Over the period, the business generated current operating income of €1.5 million, resulting in an operating margin of 5.8% of revenue, compared with 7.1% last year. This change can be explained by:

- staff and commercial investments to support the development of the "general contractor" renovation activity within the "Home building" branch network,
- normative profitability not yet reached for the two new franchise networks "CAMIF HABITAT" (launched in 2022) and "RENOVERT" (launched in 2024 and which will contribute to revenue in the last quarter of 2024).

Real Estate Development. Current operating income was €0.1 million, resulting in a margin of 0.4% compared with 5.5% in 2023. In a highly depressed property development market, this shift is directly due to weak sales and the financial costs inherent to this industry. The business is expected to have hit its lowest point in the first half of this year, with a recovery anticipated in the second half of 2024, based on signed programmes and bulk sales set to be finalised during the second half.

Land Development. Current operating income amounted to €0.1 million, resulting in a margin of 1.6%, compared with 10.3% a year ago. This business is directly correlated with the house building business, with lots therefore logically being sold at a slower rate during this period.

After considering non-recurring operating items of -€0.3 million (compared with -€3.7 million for 2023 as a whole), corresponding to earnout adjustments, operating income for the year came to €13.8 million, representing 3.3% of revenue.

Net income from continuing operations includes a financial loss of -€0.2 million. At €10.0 million, net income represents 2.4% of revenue, compared with 2.8% for the same period in 2023.

The group's financial structure remains robust and continues to strengthen. The group share of equity at 30 June 2024 amounted to €223.2 million and cash position stood at €157.8 million. Net cash amounted to €86.5 million, compared with €71.5 million at 30 June 2023 and €81.0 million at the end of 2023.

Order intake impacted by ongoing challenging market conditions.

As expected, the order intake at the end of August 2024 reflects a property market that has been in decline for more than three years now. This unprecedented situation, both in terms of its scale and duration, is taking its toll on all the players in the market, with an unprecedented level of defaults among both house builders and property developers.

In this challenging environment, Hexaom has also experienced a decline in order intake volumes but is benefiting from the measures it has implemented to mitigate this impact, to manage its margins in each of its operations, and to preserve its profitability.

This unprecedented context has also created opportunities:

- taking over construction sites from defaulting companies in the Home Building business,
- gaining market shares in an environment where competitors are becoming increasingly consolidated,
- the development of new offerings, including the launch of HexaPro, tailored for the construction and renovation of business premises,
- accelerating diversification with a well-structured and expanding Renovation network, both in the Home Building segment (renovations and extensions) and through franchising (establishing new franchise networks).

Home Building

Orders at 31 August 2024 totalled 1,813 homes, representing revenue of €301.6 million, down 24.4% on 2023.

Revenue in the first few months of 2024 continued to be adversely affected by very difficult market conditions and an unfavourable base effect. Business in July showed signs of improvement, with monthly orders up 10% on July 2023 for the first time since January 2022. This recovery remains to be confirmed in the coming months, driven by a significant improvement in financing conditions, including lower interest rates and more favourable lending terms.

The average selling price has stabilised at €166.3k excluding VAT.

Renovation

While the renovation market is currently more buoyant, it continues to be affected by the decline in existing property transactions and the inflationary pressures of recent months. This business continues to grow across three key areas:

- the strengthening of the "intermediated" business via the Camif Habitat franchise network (outside Ile de France) and Illico Travaux,
- the development of the "general contractor" business, with the gradual expansion of the "renovation/extension" offering within the group's Home building branches,
- and finally, the launch of an energy renovation offering with the new Rénovert franchise network (the first two franchisees were integrated in September).

At the end of August, order intake for the "general contracting" business had risen to €19.7 million, while that of the intermediated business (franchises) had risen by 42% to €92.8 million.

Real Estate Development

At the end of July 2024, the Real Estate Development backlog was €113.6 million and potential inventory for delivery (including projects where a preliminary land deal has been signed) represented revenue of €321.3 million, i.e. 1,455 housing units.

In the current market environment, the group maintains a cautious approach, focusing on a secure customer base, primarily comprising social housing and institutional investors. It appears that the group has reached a low point and as from the second half of the year, the Group should benefit from several ongoing programmes and from bulk sales it has made.

Land Development

Unsurprisingly, the order book (reserved land for which a deed has not yet been signed) for the Land Development business at the end of August reflects the market environment. It stood at €11.8 million, representing 116 lots. Thanks to the group's vigilant approach, this business holds no "toxic" inventory and remains more strategic than ever, particularly as the ZAN law is being implemented.

Positive outlook for 2024 operating profitability

For the 2024 financial year, Hexaom confirms the anticipated decline in its annual production of around 25 to 30% compared with 2023.

The group is adapting to the revenue decline by adjusting its cost structure to match existing orders and market conditions. The high variability of production costs, due to 100% subcontracting, supports this flexibility. As a result, Hexaom is expected to maintain a satisfactory operating profitability of 3% to 4% of annual revenue in 2024.

The property market seems to be showing some signs of improvement, mainly due to an easing of borrowing conditions by the banking networks and a slight fall in interest rates. However, even if a slight upturn seems to be emerging, the group does not anticipate any significant rebound in the short term. As a result, it will continue with its action plan to adjust its operating costs to sales in the second half of the year.

This environment is also strengthening the group's diversification in the renovation market. The group's ambition is to have a network of 300 renovation franchisees by the end of 2024, and to strengthen its "renovation/extension" offering in its Home Building branch network, marking a move towards a "Build/Renovate" offering.

In 2025, following four years of unprecedented challenges in the property market, and considering the current order book, progress in diversification efforts, and a more favourable base effect, the group expects a more moderate decline in revenue. The group will also aim to maintain operating profitability at a level comparable to that of 2024.

With its strong foundation and its solid financial structure, Hexaom is confident in its ability to navigate and adapt to the current market environment. The company remains focused on preserving profitability and is well positioned to capitalise on improved market conditions when they arise, while staying alert to potential opportunities.

Information meeting, September 26th at 10:00 am via webcast.
If you would like to attend this presentation, please send your request to comfi@hexaom.fr and you will receive a link to join.

Next press release: 2024 Q3 Revenue, 7 November 2024 after market close.

ABOUT THE GROUP

Since 1919, five generations of the same family have successively taken over the helm of HEXAOM, a group that drives and federates an ecosystem of 45 brands and subsidiaries with complementary expertise. A unique story of family entrepreneurship characterized by its stability in a complex market sector. The group, leader in the home building, renovation, and first-time owners' markets in France currently serves more than 10,000 customers a year, has built more than 150,000 houses, has carried out over 90,000 renovations, employs more than 1 400 people, and recorded revenue of €1 024,4 million in 2023.
HEXAOM is listed on Euronext Growth Paris.
HEXAOM equities are eligible for PEA-PME equity savings plan. ISIN code: FR 0004159473 -Mnemonic ALHEX

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CONTACTS HEXAOM

Loic Vandromme
Chief Executive Officer - Tel: + 33 2 33 80 66 61
E-mail: secretariat.direction@hexaom.fr

Jean-Christophe Godet Chief Financial Officer- Tel: + 33 2 33 80 66 61
E-mail: finances@hexaom.fr

Amalia Naveira - Analyst/Investor/Press Relations - Tel: + 33 6 31 35 99 50
E-mail: comfi@hexaom.fr

GLOSSARY:

IFRS 5: The Atelier des Compagnons subsidiary bankruptcy Court procedure, open on June 13, 2023, was converted into a judicial winding up procedure by the Trade Court. Given the loss of control of the subsidiary, the Group deconsolidated this subsidiary in its 2023 financial statements. Pursuant to IFRS 5, the B2B renovation business was classified as a discontinued operation and accounted for in the line item "net income from discontinued operations". Its turnover, as well as its income and expenses do not contribute to the corresponding lines of the consolidated statement of income. The comparative 2022 statement of income has also been restated.

Gross order intake: a contract is recorded in the gross order intake as soon as it is signed by the customer and accepted by our sales administration department (administrative control of the documents and validity of the financing plan, site inspection, verification, and acceptance of the selling price). The amount recorded corresponds to the revenue excluding taxes to be generated by the contract.

Backlog (real estate development): represents the group's already secured future revenue, expressed in euros, for its real estate development business. The backlog includes reservations for which notarial deeds of sale have not yet been signed and the portion of revenue remaining to be generated on units for which notarial deeds of sale have already been signed (portion remaining to be built).

Order book (land development): represents recorded land orders that have not been canceled and for which notarial deeds of sale have not yet been signed.

Production in progress: all orders for which the conditions precedent to begin work have been met (building permit and client financing obtained, client ownership of the land) and which have not been accepted by the client (delivered)

Change in like-for-like revenue: changes in revenue for the periods under comparison, recalculated as follows:

- in the event of an acquisition, revenue from the acquired company is deducted from the current period if it was not part of the group during the previous period,

- in the event of a sale, the revenue of the divested company that is no longer part of the group during the current period is deducted from the comparison period.

B2B (business to business) : refers to transactions conducted between companies

B2C (business to consumer): refers to transactions conducted between the company and consumers.

Net contribution margin: corresponds to the difference between the revenue generated by contracts and the costs directly related to these contracts (construction costs, sales or broker commissions, taxes, insurance, etc.).

Current operating income: intended to present the group's operating performance excluding the impact of non-recurring operations and events during the period.

Cash position: includes cash on hand and demand deposits.

Debt: includes all current and non-current financial liabilities except leases according to the restatement of IFRS 16.

Net cash: cash position less debt.